

**SUMMARY OF MINUTES
BOARD OF DIRECTORS
MUSKINGUM WATERSHED CONSERVANCY DISTRICT
Held at the New Philadelphia City Council Chambers
March 21, 2014, 9:00 a.m.**

A meeting of the Board of Directors of the Muskingum Watershed Conservancy District was held at the New Philadelphia City Council Chambers, 150 East High Avenue, New Philadelphia, Ohio, on Friday, March 21, 2014, at 9:00 a.m., pursuant to notice duly given all Directors, and the general public in accordance with law.

1. ROLL CALL

Directors present were: Mr. Boyle, Mr. Horstman, Mr. Parham, and Mr. Pryce.

On motion by Mr. Horstman, seconded by Mr. Parham, Ms. Limbach was excused.

Present from MWCD staff were Scott Barnhart, Mary Burley, Jim Cugliari, John Hoopingarner, Darrin Lautenschleger, Ted Lozier, Karen Miller, Jim Pringle, Boris Slogar, and Mark Swiger.

Mr. Pryce, President of the Board of Directors, presided.

2. INTRODUCTION OF VISITORS AND PUBLIC COMMENT

Also in attendance for all or portions of this meeting were: Brent Winslow (*Consol Energy*); Doug McLarnan and JoEllen Hayes (*MWCD Development Advisory Committee*); Ryan DeRemus (*Chesapeake Energy*); Robert J. Vilella (*Canton resident*); Tim Vonville and another representative (*Turner Oil and Gas*); Bruce Rankin and James Dobrozsi (*Woolpert*); Brad Janssen (*American Energy*); Mary Golden-Blair, Trent Schade, and Sarah Jamison (*National Weather Service*); Dorothy Martin (*Seneca resident*); David Straub and Steve Fuller (*U.S. Geological Survey*); and Mike Caputo (*McDonald/Hopkins*).

3. APPROVAL OF MINUTES

On motion by Mr. Boyle, seconded by Mr. Parham, the minutes of the February 28, 2014, meeting of the Board of Directors were approved.

4. FINANCIAL

Mr. Cugliari presented the financial report for the period ending February 28, 2014. The total operating revenue is \$2,379,092.00 with operating expenses of \$1,683,581.00, resulting in an excess of revenue over expenses of \$695,511.00.

General Fund

- Revenue is in line with budget expectations to date.
- Safety expenses are 23.49% of budget with \$50,474.00 expended for the month. The major expense item was the purchase of an aerial lift at a cost of just under \$40,000.00.
- Office Building Maintenance expenses are up significantly over 2013 as a result of the lease of office space and associated costs.

Conservation Fund

- Timber Harvest revenue generated \$53,338.00 in February and is currently at 54.62% of budget.
- Mineral Operations – Oil and Gas revenue generated \$823,439.00 in February due mainly to a large royalty payment received from Gulfport on two existing wells and the first payment from two additional wells recently drilled.

Recreation Fund – Parks

- Total revenue is 21.06% of budget with seasonal camping revenue starting to come in generating \$1,007,626.00 during February.
- Expenses are up for 2013 but all part of the budget plan for 2014.

Recreation Improvement Fund

- Total expenses for the year are 6.39% of budget through February.
- For the month, \$93,174.00 was expended in the Water and Sewer System account.

Maintenance Assessment Fund

- First half collections for the maintenance assessment have started to come in with two counties received through February.
- Dam Safety Upgrade expense of \$7,805,883.00 was a payment to the U.S. Army Corps of Engineers for the Bolivar Dam project.
- The other major expenditure is for Shoreline Protection in an amount of \$391,285.00.

Overall, for the first two months of the year, things are progressing as planned.

Members of the Board received a copy of the financial report with the revisions as suggested at the February Board meeting – the far right column changed from “% budget” to reflect a comparison to the prior year.

On motion by Mr. Horstman, seconded by Mr. Boyle, the financial report was accepted as presented.

5. PAYMENT OF BILLS

On motion by Mr. Horstman, seconded by Mr. Boyle, a report of the payment of bills for the period ending February 28, 2014, was approved as presented.

6. BUSINESS

6.01a LEASE TRANSACTIONS

On motion by Mr. Boyle, seconded by Mr. Horstman, the assignments, cancellations, new leases, farm leases, mortgage consent and agreement cancellations, and mortgage consent and agreements were approved and execution by the proper officers of the MWCD authorized.

6.01b PARK CONCESSION OPERATIONS - ATWOOD

On motion by Mr. Parham, seconded by Mr. Boyle, an agreement with Anderson & Dotts Management, Inc. for operation of the food service and general store at the Atwood Lake Park Activity Center for 2014, 2015, and 2016, as recommended and set forth in the above memorandum, was approved.

6.01c PARK/BEACH CONCESSION OPERATIONS - TAPPAN

On motion by Mr. Boyle, seconded by Mr. Parham, agreements with Dino Pangrazio for operation of the Tappan Lake Park Store and the Beach Concession for 2014, 2015, and 2016, as recommended and set forth in the above memorandum, were approved.

6.01d FIRELANDS ELECTRIC COOPERATIVE EASEMENT – PLEASANT HILL

On motion by Mr. Parham, seconded by Mr. Horstman, an easement at Pleasant Hill between MWCD and Firelands Electric Cooperative, as recommended and set forth in the above memorandum, was approved.

6.01e PIEDMONT OIL AND GAS LEASE PROPOSAL

Since 2011, there has been significant interest in leasing the 6,686 acres owned by the MWCD at Piedmont Reservoir for Utica Shale development. Ten viable oil and gas producers have maintained interest over the last two years, but when meetings were scheduled to review development proposals, only five companies determined that their acreage position was strong enough and that they were willing to start negotiating, with the MWCD's Seneca lease as the foundation. Each of the five companies presented a map of their leased acreage with proposed well sites around Piedmont Reservoir and a plan of development.

The proposals were judged on 10 key points, including the impact of development plans on the lake community, the corporate climate for environmental safety and community awareness, percentage of MWCD minerals to be developed and the technology to be utilized.

The three most promising proposals were reviewed and ranked a second time, with Antero Resources proving to be the best fit for leasing of MWCD owned property at Piedmont Reservoir. Subsequently, lease terms have been negotiated with Antero, and the draft exhibit A to the standard oil and gas lease is attached, with some of the points of interest highlighted for your review. Exhibit A provides additional protection beyond the standard lease, such as:

- An opportunity for the MWCD to review and approve erosion control and construction plans
- Surface operation requirements - specifications on drilling operations and reclamation
- Light and sound controls as well as seasonal restrictions on drilling to reduce the impact on the community.

One well pad is anticipated to be placed on MWCD property, with the possibility of a second pad, both in areas of minimal development. Many of the same provisions that are intended to provide protection when developing MWCD lands will apply to wells that Antero develops on private property that extend under the MWCD or are within one half mile of the MWCD property line. In this manner the environmental benefits of the lease extend to private property.

Board members were provided with a copy of Exhibit A for review and comment prior to the April Board meeting when, pending final considerations, staff anticipates making a recommendation to enter into a lease with Antero Resources for the available acreage at Piedmont.

Upon his request, Mr. Swiger will arrange a tour of the Piedmont sites with Mr. Horstman.

6.02a BUDGET REVISION FOR CONCESSION OPERATION – PLEASANT HILL

On motion by Mr. Boyle, seconded by Mr. Horstman, a budget revision for the operation of the concession and camp store at Pleasant Hill Park Activity Center by park staff, as recommended and set forth in the above memorandum, was approved.

6.03a HUMAN RESOURCES SUMMARY

On motion by Mr. Horstman, seconded by Mr. Boyle, human resources activities, as recommended and set forth in the above memorandum, were approved.

6.03b PERSONNEL POLICY REVISIONS

Ms. Burley reported that additional language will necessary in Personnel Policy 907, under Section 2 that refers to the requirement that an applicant must complete and sign a Background Screen Disclosure and

Authorization Form.

On motion by Mr. Boyle, seconded by Mr. Parham, proposed revisions to Personnel Policies No. 101 and 907, as recommended and set forth in the above memorandum, were adopted with the additional language explained by Ms. Burley and a revision, as suggested by Mr. Parham, to the wording in the last paragraph of Personnel Policy No. 101 to read “The MWCD employs a wide range of staff members ~~that~~ who are dedicated.”

6.04a ATWOOD SHORELINE SLIP REMEDIATION – CONTRACT AMENDMENT

On motion by Mr. Horstman, seconded by Mr. Parham, an amendment to a contract with Terracon, Inc. for geotechnical engineering consulting services for a shoreline slip remediation project at Atwood, as recommended and set forth in the above memorandum, was approved, making the total contract amount \$41,040.00.

6.04b ATWOOD LAKE TRAIL

On motion by Mr. Boyle, seconded by Mr. Horstman, a contract with Environmental Design Group for design services for the Atwood Lake Trail project, as recommended and set forth in the above memorandum, was approved in an amount not to exceed \$48,538.89.

6.04c WEBSITE SERVICES AGREEMENT

On motion by Mr. Parham, seconded by Mr. Horstman, an agreement with Subforce Media LLC for services to enhance online communication, information and education, as recommended and set forth in the above memorandum, was approved in an amount not to exceed \$50,000.00.

6.05 ANNUAL REPORT OF OPERATIONS

On motion by Mr. Boyle, seconded by Mr. Horstman, the draft annual report of operations for the year 2013, as recommended and set forth in the above memorandum, was approved for preparation and presentation to the Conservancy Court.

6.08 OTHER BUSINESS

CONSERVANCY COURT – 2014

It was noted that the Conservancy Court of the Muskingum Watershed Conservancy District will hold its annual session on Saturday, June 7, 2014, at 10:00 a.m. in the Tuscarawas County Court House, New Philadelphia, Ohio. The Honorable Edward O’Farrell is the presiding judge.

ASIAN CARP MONITORING PARTNERSHIP – EXTENSION

On motion by Mr. Horstman, seconded by Mr. Parham, a no-increased-cost request and amendment to an agreement with The Nature Conservancy for an Asian Carp Monitoring Partnership to extend the expiration to October 31, 2014, as recommended and approved in the above memorandum, was approved.

7. REPORTS

7.01 MARINA REPORTS

MWCD staff will be partnering with the Business Resource Network, a collaborative of area chambers of commerce, economic development agencies, state and local organizations, career and technical centers, and community organizations, to offer free business services and resources to all MWCD marinas that may be interested.

The new dock bid process requiring the submittal and approval of engineer-stamped drawings and certified calculations of flotation, etc., has worked very well. This will ensure quality docks, and a fair and equitable process.

MWCD staff is working with CCH Environmental Group, the local solid waste district for Carroll, Harrison, and Columbiana counties, to facilitate a shrink wrap recycling program at marinas in those counties. Leesville Petersburg Marina participated last year. It is hoped to include Leesville South Fork, the Atwood marinas, and Clendening in 2014.

The launch ramp, parking, restroom, and waterfront improvements project at Piedmont Marina is underway, with several milestones completed before lake levels began rising, primarily the pouring of a new concrete launch ramp, and installation of a composite seawall. The contractor is keeping to an extremely tight schedule to ensure that boats and docks can be placed in the water by early April.

Bob Schraedly, owner/operator of Charles Mill Marina, will be undertaking a major dock project, replacing several older units.

John Olivier, Deputy Chief of Marinas, met with the administrators of the Ohio Clean Marinas Program in Sandusky on February 28, to discuss the inclusion of MWCD marinas in this program. Officials with SeaGrant, the Ohio State University Extension, and Ohio Department of Natural Resources have decided to involve MWCD marinas as a pilot project, eventually making the program available to all inland marinas. Details are being worked out, with the goal to have the program structure in place this year, for implementation in 2015. This is an excellent opportunity for MWCD to be the leaders in the area of protecting water quality at inland marina facilities.

Though obviously very early, general marina revenues were up around ten percent (10%) YTD at the end of January.

7.02 PROPOSED USGS / MWCD STREAM GAGING NETWORK

David Straub of the Ohio Water Science Center of U.S. Geological Survey presented information to the Board regarding a proposal for installation and operation of a gaging network at the MWCD's eastern reservoirs for three purposes: 1) measuring water quantity in and out of the reservoirs; 2) sampling water quality at key points in the reservoir watersheds; and 3) adding weather stations at MWCD dams/park locations.

Trent Schade and Sarah Jamison addressed the Board on behalf of The Weather Service to urge the Board to consider this proposal and explaining how the proposed gaging network would play a critical and very important role in their forecasting and monitoring.

7.03 UPDATE ON 2014 GOALS

Mr. Hoopingarner provided an update on the progress of the 2014 goals:

① OIL AND GAS DEVELOPMENT

The MWCD will negotiate and enter into an oil and gas lease for Piedmont Reservoir in the first quarter of 2014, and for Tappan Reservoir in the third quarter of 2014. These leases will produce revenue to fund park, recreation, public access and conservation improvements. The leases will contain significant provisions focusing on the protective development of these natural resources. *Board members received a copy of the proposed lease E Piedmont. It is anticipated that information will be presented to the Board at the April meeting for action.*

② MASTER PLAN IMPLEMENTATION

The MWCD will develop a schedule, budget, design and implementation plan for park capital improvement projects at each of the five lake parks and marinas it operates. Changes to the organizational structure of the MWCD will be implemented to accommodate the multi-year implementation of these projects. Capital improvement projects will begin in 2014. *Mr. Barnhart reported that staff has been working on the prioritization of projects and recently met with Woolpert to review the matrix that has been developed. Mr. Slogar reported posting of the additional engineering staff positions as approved by the Board at the February meeting. The process of selection of consulting firms will begin with selection process will be finalized later this year.*

③ DREDGE PROGRAM

The MWCD will launch a comprehensive dredging plan that will prioritize and identify reservoir dredging needs, secure necessary permits, and begin dredge operations in 2014. The dredge program will be a multi-year program. *Staff continues to work with URS Corporation. Currently, negotiations are ongoing with property owners in the Tappan area to address disposal of the sediment to be removed.*

④ FISCAL MANAGEMENT

The MWCD will continue the development of plans for the use of revenue generated from the development of oil and gas reserves and consider the amount of revenue needed to meet its obligations to fulfill the Official Plan and the Amendment to the Official Plan adopted in 2005. In the first half of 2014, the MWCD will address the issue of whether or not the current maintenance assessment should be adjusted. *As staff evaluates the cash position and potential oil and gas revenue, more information will be available for Board consideration.*

7.04 STRATEGIC PLAN

Mr. Slogar reported that progress on implementation of the strategic plan continues. A report entitled “2014 MWCD High Priority Initiatives” was distributed. This report will be distributed to the Board on a monthly basis.

7.05 USACE PROJECTS STATUS REPORT

Mr. Slogar reported that progress continues on work at the Dover project on the downstream side with approximately 60 of the anchors completed to date.

The USACE issued a press release dated February 27, 2014, announcing the award for additional Dam Safety Assurance work for Bolivar Dam. The \$44.3 million contract was awarded to Treviicos South, Inc. of Charlestown, Massachusetts. The project is cost-shared between the USACE and MWCD, which will contribute 23 percent of the cost. A pre-construction meeting is scheduled in April. Mr. Slogar reported that the road across Bolivar Dam will be closed, with the exception of use by emergency vehicles, for the next 3-4 years.

Relative to the Zoar Levee project, the USACE is currently developing cost estimates and will be requesting a non-Federal cost share commitment from MWCD.

7.06 ATWOOD REGIONAL WATER AND SEWER DISTRICT UPDATE

No report at this time.

7.07 IMMINENT OR PENDING LITIGATION

No report at this time.

8. SUBDISTRICTS

Mr. Hoopingarner and Mr. Slogar reported that staff expects that there will be a request for presentation to the Conservancy Court for creation of a new subdistrict at Clearfork.

9. EXECUTIVE SESSION

On motion by Mr. Horstman, seconded by Mr. Parham, the Board of Directors entered into executive session at 11:10 a.m. to discuss matters related to ORC §121.22 (G) (2), and (3). On roll call: Mr. Boyle-yes; Mr. Horstman-yes; Mr. Parham-yes; and Mr. Pryce-yes. The executive session ended at 12:11p.m.

10. ADJOURN

There being no further business, on motion by Mr. Boyle, seconded by Mr. Parham, the meeting of the Board of Directors was adjourned. The next regularly scheduled meeting is Friday, April 18, 2014, at 9:00 a.m. at the Science and Technology Center of Kent State University Tuscarawas.

03.21.2014, km
Approved 04.18.2014